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No. 84-1147

IN THE

Supreme Court of the United States

OCTOBER TERM, 1984

SIMMONS FASTENER CORPORATION,
Petitioner,

v.

ILLINOIS TOOL WORKS INC.,
Respondent.

REPLY TO RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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SUMMARY OF POSITION

I. Even Though the District Court and the CAFC Agreed That the Prior Art Made the Invention Obvious, the CAFC Erred in Making Commercial Success the Primary Consideration for Patentability

The District Court examined the most pertinent evidence relating to patentability, namely, the prior art, and found that the prior art was:

> "clear and convincing evidence that the subject matter of the Hoadley patent would have been obvious to a skilled engineer in the fastener field at the time the invention was made. The patent is therefore invalid under 35 U.S.C. § 103." (A-40)

The Court of Appeals for the Federal Circuit ("CAFC") *agreed* that the prior art made the patent obvious to one of ordinary skill in the art in the following language:

> "We agree with the trial court that the teachings of the prior art prima facie would have suggested to one of ordinary skill in the art the claimed invention." (A-6)

Even though the prior art made the alleged invention obvious and there was no *close question* of *unobviousness,* the CAFC made commercial success the primary and overriding consideration in determining obviousness as follows:

> "However, the evidence of secondary considerations in this case, particularly commercial success, is extremely strong and is entitled to great weight. In considering the evidence of obviousness/nonobviousness collectively, we conclude the trial court's decision that the claimed invention of the '476 patent would have been obvious under 35 USC 103 must fall." (A-6)

Commercial success should not be the primary consideration in determining obviousness for patentability and should be only a secondary consideration, when obviousness over the prior art is in doubt.

II. The Patent Is Simple; The Facts Are Clear; The Case Is Ripe For Review

In this case ("Simmons case") the patent, and all the other facts, are simple and set forth clearly in the District Court opinion (A10-A45, references are to the Petition For Certiorari).

The basic issue in patent law is: by what standard is obviousness to be judged, i.e., what is a patentable invention? This case presents that legal issue without the technology of electronics, biochemistry, computers, etc. Here the CAFC reversed the District Court on the legal ground that the "secondary factors", particularly commercial success, were so important that they overwhelmed the *prima facie* obviousness of the patent. The *Simmons* case represents the settled viewpoint of the CAFC on this issue (Petition pgs. 8-10).

The CAFC did not express *any* disagreement with, and did not even discuss, *any* underlying facts found by the District Court. No *de novo* determination by this Court is required.

The ITW Patent Is To A Strip of Metal And A Piece Of Adhesive Tape—Respondent Admits That It Is Simple

The District Court Found and the CAFC agreed that:

(i) the Hoadley patent-in-suit is a nut plate which is a flat strip of metal ("plate") with its ends bent back having a center hole ("screw hole") and two prongs ("tabs"). Those metal parts are all found in the prior art Knowlton patent, not considered by the Patent Office (A-24).

(ii) the Hoadley nut plate added to the prior art Knowlton patent a double-sided adhesive tape ("adhesive pad") on its front face. This *same* tape was found in the prior art Krueger patent (A-30).

Both Knowlton and Krueger are screw anchor patents.[1]

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[1] Contrary to Respondent's Brief, page 2, lines 8-10, Petitioner has continued to sell its own pertinent prior art Back-up Plate (A-21, JA-314).

Respondent admits: . . . "the patented screw anchor itself is relatively simple . . ." (Respondent's Brief, page 7) however, it seeks to qualify that admission: ". . . the environment for use of the fastener is correspondingly complex and subtle" (Respondent's Brief, page 7). There is nothing "complex and subtle" about the walls of a home kitchen refrigerator—and there is nothing in the patent claim which limits the "environment" for use of the fastener; it can be used in any wall with a hole.

This case is not peculiarly fact-based—the CAFC accepted the District Court's findings of fact and reversed on a legal ground: "We reverse the decision of the trail court . . . because the trial court erred as a matter of law . . ." (A-4), and further: "We agree with the trial court that the teachings of the prior art *prima facie* would have suggested to one of ordinary skill in the art the claimed invention" (A-6).

III. The Public Has An Interest In Valid Patents— And In Not Being Subject To Invalid Patents

A patent grant, by the Federal Government, gives the patentee broad exclusive market power. It gives the patentee ". . . for the term of seventeen years . . . the right to exclude others from making, using or selling the invention throughout the United States," 35 USC §154. Its market power has increased in recent years with the right (frequently exercised) to *exclude* "unfair competition" imports, 19 USC §1337, and to enjoin the export of unassembled parts, if they would infringe were they to be assembled in the United States. (Public Law 98-622).

Since the patent grant has such extensive scope, this Court has recognized that it is in the public interest not to be subject to invalid patents. The public interest in patent validity is so important that it overrides a patent licensee's contractual promise not to attack a patent's validity, so that such a licensee may challenge the patent. *Lear, Inc.* v. *Adkins,* 395 U.S. 653, 23 L.Ed.2d 610 (1969). In *Lear,* this Court emphasized, ". . . the important public interest in permitting full and free

competition in the use of ideas which in reality are a part of the public domain." (395 U.S. at 670)

The CAFC, in *Simmons,* has sanctioned a Government-granted exclusive right for devices held patentable *only* because of commercial success. It rewards firms that have the sales force, the advertising budget, and the promotional skill to hawk the latest gadget. Instead of promoting the progress of useful arts, it rewards sales promotion. That result is contrary to the public's interest in awarding engineering and scientific excellence; but at the same time not burdening the public with monopolistic prices for products whose patents were obtained because of "commercial success".

The *Simmons* case does not present a narrow, technical issue of patent law. It involves a pressing issue of competition and efficiency: How far will this Court allow Government grants of patent exclusivity to interfere with free market competition? The only justification for such patent exclusivity, under the Constitution and the prior decisions of this Court, is to encourage new inventions and thereby promote the useful arts. 72,651 patents were granted in 1984—42% to foreign nationals (Annual Statistical Summary, Patent and Trademark Office). The CAFC, in *Simmons,* has embarked on a course to radically expand the Patent Office grant of patents to devices where a company has obtained an early marketing commercial success, while adding nothing to the store of new knowledge.

IV. Contrary to Respondent's Brief, This Court's Prior Decisions And The Prior Decisions of Circuit Courts Are Opposed to the CAFC's Simmons Case

Respondent would have this Court believe that the CAFC's opinion in *Simmons* follows this Court's decisions (Respondent's Brief pg. 6).

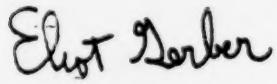
Nonsense!

Graham v. *John Deere Company,* 383 U.S. 1, 15 L.Ed.2d 545 (1966) states in a companion case, *Calmar* v. *Cook,* 383 U.S. at 36: "To us, the limited claims of the . . . patent are clearly evident from the prior art as it stood at the time of the invention", and that the invention's commercial success and long-felt industry need did not "tip the scales of patentability." Similarly, in *Anderson's Black Rock Inc.* v. *Pavement Salvage Co.*, 396 U.S. 57, 61; 24 L.Ed.2d 258 (1969), this Court stated, "long-felt want and commercial success . . . without invention will not make patentability." In *Jungersen* v. *Outby & Barton Co.*, 335 U.S. 560, 567, 93 L.Ed.235, 240 (1949) this Court stated: "Where, as here, however, invention is plainly lacking, commercial success cannot fill the void . . . Commercial success is really a make-weight where the patentability question is close." See also *Dann* v. *Johnson*, 425 U.S. 219, ft.4, 47 L.Ed.2d 692 (1976); *Sakraida* v. *Ag Pro, Inc.*, 425 U.S. 273,282,283, 47 L.Ed.2d 784 (1976); *Great A & P Tea Co.* v. *Supermarket Equip. Co.*, 340 U.S. 153; 95 L.Ed.162 (1950); *Goodyear Tire & Rubber Co.* v. *Ray-O-Vac Co.*, 321 U.S. 275, 279; 88 L.Ed.721 (1944); *Dow Chemical Co.* v. *Halliburton Co.*, 324 U.S. 320,330; 89 L.Ed.973 (1945); *Toledo Pressed Steel Co.* v. *Standard Parts*, 307 U.S. 350, 356 83 L.Ed.1334,1338 (1939); *Textile Machine Works* v. *Louis Hirsch Textile Machines, Inc.*, 302 U.S. 490, 498, 82 L.Ed. 382, 387 (1938). Circuit Court decisions are cited in the Petition pgs. 13-18.

CONCLUSION

The Court of Appeals For The Federal Circuit ("CAFC") started to hear appeals in October 1982—2½ years ago, *South Corp* v. *United States,* 690 F.2d 1368 (1982). This Court has not heard any patent case from the CAFC. "Simmons" presents the critical issue of patent law, that of obviousness, in a case in which the patent is simple and the facts are clear.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that five copies of the foregoing REPLY TO RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT have been mailed to Granger Cook, Jr., Esq.; Cook, Wetzel & Egan, Ltd.; 135 South LaSalle Street; Chicago, Illinois 60603, this 13th day of April, 1985.

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